



# Food Protection and Defense Institute

A Homeland Security Center of Excellence

April 17, 2020

## Key issues to sustaining the American food supply, avoiding a charitable feeding supply crisis, and mitigating local or regional food insecurity

The COVID-19 pandemic is resulting in emergency conditions in many sectors of the food system. As parts of the food system experience disruption and failure, this creates secondary and tertiary conditions which will also require emergency management. In addition, the length of the pandemic creates a situation where rolling disaster management processes and lengthy recovery plans will be required while at the same time providing emergency support to assure food security for the increasing number of Americans facing unemployment.

The following is a point in time assessment of issues related to the food supply. It provides a high-level summary of issues based on media reports and private sector collaboration along with recommendations based on the current situation as related to previous pandemic preparedness reports.

### Assessments

**On Farm:** Production agriculture is quickly approaching crisis from the Covid-19 caused economic shut down. Where product is harvested or collected, there are insufficient markets to sell them for many crops and products. With the food service supply chain nearly shut down nationally, almost half of the customary demand for farm products has been lost. The buyers for the food retail supply chains (processors, food manufacturers, and fresh produce forwarders) cannot purchase substantial increases in products because the supply chains themselves have become constricted due to the disruption caused by the shift in demand from food service. This is occurring, even in the face of major efforts to surge through-put in the retail channel, because of Covid-19 labor problems at many points along the supply chains.

One of the key drivers complicating throughput is the shortage of on farm labor. Restrictions on access to seasonal farm labor from south of the United States border combined with the virus making domestic staff sick or in fear of virus and not showing up to work have resulted in the inability to harvest in many areas. The result has been crops plowed under or left to rot in fields because there is no labor force available to harvest the crop. Further, this lack of available labor puts the next harvest of crops in jeopardy as there is no labor to plant and set vegetable crops for the summer growing season.

In addition to the labor issues, the lack of food service customers means that producers may not be receiving adequate orders to justify paying labor to harvest. This should be offset by increased demand in the food retail sector, but the ability to shift logistics quickly has been hampered by transportation issues. For example, transportation issues have arisen where drivers are reluctant to enter high case count regions.



# Food Protection and Defense Institute

A Homeland Security Center of Excellence

As a result, the on-farm outlook is bleak across the nation. Unless there is rapid return of food service supply chain demand and relief on access to labor, the farm infrastructure in the United States is in jeopardy.

**Food Processing and Manufacturing:** There is increasing news coverage every day about the closing or reduction in output of major food facilities around the United States. These closing have primary been the result of spreading Covid-19 sickness in plant staff or complaints about conditions in the plant that can lead to rapid spread of infections. Most of these processing plant closures have affected beef, poultry, and pork production and amount to less than 10% of national production. However, the processing plant closures impact both post-harvest contracts and on-farm production. This reduction in output impacts throughput to retail for the products involved where increased consumer purchasing rapidly drains supply chains as well as on farm production where growers are being forced to reduce the numbers of animals entering the production cycle and, in some regions, must depopulate animals ready to enter the retail market because of no access to processing facilities.

In the dairy outlook, the tremendous decrease in food service and school lunch service has meant that there is now an oversupply fluid milk into processing facilities for items like cheese. This is already resulting in fluid milk being dumped and a call across the industry to reduce the number of cows in production. This is happening at a time when news media and consumer experience shows that milk is missing in the retail chain which induces a psychological distress – how can milk not be available in my local grocery store when I see dairy farmers dumping it down the drain? The reduction in herd size in an already distressed industry creates concern that there will be adequate cows in production when recovery begins.

In addition to the facility closures due to health concerns, some facilities are dedicated to production of food service items. These facilities are also closing until food service demand accelerates which results in increased unemployment and adverse economic impacts in many of our rural communities where most food processing is located.

In addition, worker health has been a focus and many production lines have slowed to accommodate worker health. Without broad employee testing and surveillance, the staffing issues in our food manufacturing and processing components of the supply chain can be expected to get worse as the economic downturn deepens and the stay-at-home orders continue to restrict food service demand. The labor shortage at plants can be expected to grow due to actual Covid-19 outbreaks and cases in plant. In addition, there is growing fear of the virus and the need to look after family including home schooling challenges that is also factor into staffing shortages.

Some major poultry processing plants are now selling directly to consumers at Farmer's Markets or from company trucks in strategic locations in order to move products at lower than customary retail prices where traditional and customary supply chains are not adequate. Some pork producers are collaborating with community-based slaughter facilities to salvage at least a portion of the herd they must depopulate. Some beef, pork, and lamb wholesale distributors are also going direct to customers via online sales, though normally at somewhat higher than retail store prices.



# Food Protection and Defense Institute

A Homeland Security Center of Excellence

## Current Food Plant Status\*

Commodity	Company	Location	State	# Emp	Closure	Reopen	Comments
Bakery	Flowers Foods	Tucker	GA		15-Apr-2020	27-Apr-2020	
Beef	Cargill	Hazleton	PA	900	7-Apr-2020	Unknown	beef products
Beef	JBS	Greeley	CO	6000	10-Apr-2020	27-Apr-2020	5,400 capacity
Beef	JBS	Souderton	PA		2-Apr-2020	24-Apr-2020	1950 capacity
Beef	National Beef	Tama	IA	800	13-Apr-2020	20-Apr-2020	1100 capacity
Beef	CTI Foods	King of Prussia	PA	100	26-Mar-2020	14-Apr-2020	hamburger grinding
Eggs	Cargill	Big Lake	MN		14-Apr-2020	Unknown	800 million eggs - foodservice
Pork	Smithfield	Sioux Falls	SD	3700	11-Apr-2020	Unknown	19,500 capacity
Pork	Tyson	Columbus Junction	IA		6-Apr-2020	Unknown	10,000 capacity
Pork	Smithfield	Martin City	MO	400	16-Apr-2020	Unknown	Relies on SD plant/union statement 4/30/20
Pork	Smithfield	Cudahy	WI	>1000	16-Apr-2020	30-Apr-2020	bacon slicing
Poultry	Empire Kosher	Mifflintown	PA	550	2-Apr-2020	13-Apr-2020	
Poultry	Sanderson	Moultrie	GA	415	2-Apr-2020		running at reduced capacity (25% down)
Poultry	Allen-Harim	Delmarva			8-Apr-2020		reducing capacity 50%
Snacks	Frito-Lay	Modesto	CA	620	25-Mar-2020	26-Mar-2020	deep cleaned and re-opened

\*some smaller plants that have been closed locally and others that are undergoing cleaning are not reported in this list

**Food Transport:** Refrigerated truck transport is becoming an increasingly problematic element in the food supply chain, but the issues with food transport extends to all forms of transportation. Many drivers are simply staying home out of both fear and the need to look after family under stay-at-home orders across the nation. While fuel prices are at historic lows, many drivers do not wish to proceed into high case count regions for fear of bringing the virus home. In addition, travel restrictions and access to food and personal hygiene accommodations for long haul transport have adversely affected the drivers. For many contract hauling companies, food transport is not the main source of business. With so many retail firms shut down, their transportation services businesses are in financial jeopardy and the transport of food is insufficient to cover losses. In many cases, this relates to the lack of availability to contract a paid backhaul from the point of food delivery. There are also increases in cargo theft and food is a frequent target as it can be quickly converted to cash. The overall result is a tightening of available food transport for retail food delivery.



# Food Protection and Defense Institute

A Homeland Security Center of Excellence

**Food Retail:** Retail stores are seeing unprecedented levels of consumer purchasing. This is the result of the shift from a pre-Covid-19 average of 50% of meals eaten away from home through food service venues to nearly 100% meal consumption in the home. This virtually doubles the demand on retail food stocks. On top of this there has been an extraordinary level of panic buying. Local stores are finding that the top 2000-3000 common grocery line items are experiencing disruptions in supply resulting in shelves that are sparsely stocked and implementation of purchase limits for many food items.

**The American Consumer:** Faced with perceived shortages in the stores, dire news reports of Americans going hungry, and severe shortages in food from charitable feeding activities, there is a growing concern for their family wellbeing, health, and nutritional security. The closing of food plants, the destruction crops, dumping of milk, and culling of food animals on the farms when many are worried about their next family meal is utterly a foreign concept to the American consumer. The supply chain challenges, when coupled with restrictions on access to food retail spaces by both private-sector worker health initiatives and state-imposed customer access rules, have resulted long lines in some localities and, in some cases, the inability to purchase desired food items for their families. This forces each and every American to reassess how they interact with the food system and serves to undermines consumer confidence in both the ability of the nation's food infrastructure to meet their nutritional needs and a declining confidence in government at all levels.

## Recommendations:

1. The Federal Government must engage directly with industry and charitable organizations to expedite acquisition of food at the farm and its processing and distribution directly to needy Americans via charitable feeding organizations across the nation. This may require both transportation resources and manpower from the Department of Defense in the near term until the infrastructure can adapt and meet this needs directly.
2. The Federal Government needs to enable a rapid increase in virus surveillance of all employees at all levels of the US food production, harvest, processing, and manufacturing facilities. This must include both case detection and identification of those with immunity to build staffing resilience into the manpower component of each plant's operations. Increasing the reliability of production operations will aid on both product availability and consumer confidence in the infrastructure. This will also shore up the economic stability and value of the firms involved.
3. Insurance underwriting needs to address the continuity of operations, operations losses and financial integrity of the nation's food supply firms. This means pandemic and "Acts of God" restrictions must be abated. This will mean the new legislation will be needed to create federal insurance support and guarantees to underwriters and policy holders based on a fee system similar to the nation's commercial flood program. This is will be more efficient and cost effective than simple bailouts that will be needed if such a program is not created.
4. The Federal Government must engage in supporting food transportation and security across the nation. The first step will be to make food cargo theft a federal crime and not just a crime under state laws as simple vehicle theft. With the prospect of federal investigation and prosecution, a new crime deterrent will be in place. Additionally, such a



# Food Protection and Defense Institute

A Homeland Security Center of Excellence

change will enable timely monitoring of this growing crime type and its consequences and will aid industry in reducing losses and, thereby, constraining consumer food costs that have to cover such losses. Lastly, this will increase available stocks in the US retail markets as much of the stolen food cargo is illegally sent to overseas markets at inflated prices.

5. The Federal Government, in partnership with the states, must develop a surveillance and monitoring program of the health and availability of on-farm labor. The Federal Government must ease the restrictions and prepare to allow additional seasonal workers to enter the country to participate in crop harvests and planting. Even with the growing unemployment situation, few unemployed Americans have the skill set, physical capability, or mental attitude to function as seasonal laborers on the farm. Without addressing this vitally important component of the nation's agro-supply system, we face increasing food insecurity on a national level.